

## City Heights Redevelopment Project Area Housing Rehabilitation Program Guidelines

The City of San Diego Redevelopment Agency shall market and administer a Housing Rehabilitation Program for very-low and low-income homeowners occupying owner occupants of one- and two-unit properties in the City Heights Redevelopment Project Area. The type and number of loan programs offered at any particular time in the City Heights Redevelopment Project Area may vary depending on the amount of housing set-aside funding available. Should additional rehabilitation funding be needed, applicants may also apply for citywide Housing Rehabilitation Programs administered by the San Diego Housing Commission and other private and public agencies to supplement these programs, if and when eligible. The City Heights Redevelopment Rehabilitation Program shall be administered in accordance with the Agreement to which this Exhibit is attached. Housing rehabilitation loans shall be subject to standard loan approval policies and the guidelines described below:

### REHABILITATION LOAN GUIDELINES

#### Home Repair Loan

A one-time only Home Repair Loan up to \$15,000 at an annual simple interest of 3% to make interior and exterior improvements and to repair health and safety hazards is available to City Heights Redevelopment Project Area owner-occupants of one- and two-unit properties, whose gross household income is no greater than 100% of the Median Area Income, as adjusted annually. The required first priority use of these loan funds will be to address interior or exterior conditions that cause a unit to fail housing quality standards and threatens the health and safety of the occupant(s).

The administrator of the program shall inspect the housing unit and develop a prioritized list of health and safety hazards. The loan funds must be used to address these hazardous conditions first. The loan may be supplemented with an Exterior Enhancement Loan described below. If the loan is not sufficient to address all health and Safety needs, the applicant should be encouraged to apply for other available rehabilitation programs.

A ten-year deed restriction will be imposed as a condition of the loan. The deed restriction will require that the owner maintain residence at the property for not less than ten years, or limits sale of the property to persons who will occupy the property and whose gross household income at the time of the sale is no greater than 100% of the Median Area Income, as adjusted annually. In the event of a default of the deed restriction (including the failure of the borrower to maintain the property at the level of quality achieved by the rehabilitation), the Redevelopment Agency may, at its sole discretion, require the repayment of the unforgiven portion of the loan and accrued interest amount as set forth below, should such default not be cured within thirty (30) days following written notice from the Agency. In the event of a default, the loan shall be repaid as follows:

| Within Applicable Year | Percent of Principal & Interest to be Repaid |
|------------------------|--|
| 1                      | 100  |
| 2                      | 100  |
| 3                      | 100  |
| 4                      | 100  |
| 5                      | 100  |
| 6                      | 80   |
| 7                      | 60   |
| 8                      | 40   |
| 9                      | 20   |
| 10                     | 0  |

### Exterior Enhancement Loans

A one-time only Exterior Enhancement Loan of up to \$10,000 at an annual simple interest rate of 3% shall be made available to City Heights Redevelopment Project Area owner-occupants of one-unit and two-unit properties, whose gross household income is no greater than 100% of the Median Area Income. This loan will be used to address exterior conditions of a property to rehabilitate, repair and install improvements, including improvements not eligible in existing rehabilitation programs such as fencing, sidewalks and landscaping, to enhance the appearance of the property. This loan program may be combined with the Home Repair Loan Program described above as well as other rehabilitation programs such as the San Diego Housing Commission's.

A five-year deed restriction will be imposed as a condition of the loan. The deed restriction will require that the owner maintain residence at the property for not less than five years, or limits sale of the property to persons who will occupy the property and whose gross household income at the time of sale is no greater than 100% of the Median Area Income, as adjusted annually. The deed restriction shall also provide for certain maintenance measures, specifically to maintain the property at the level of quality achieved by the rehabilitation. In the event of a default of the deed restriction (including the failure of the borrower to maintain the property at the level of quality achieved by the rehabilitation), the Redevelopment Agency may, at its sole discretion, require the repayment of the unforgiven portion of the loan and accrued interest amount as set forth below, should such default not be cured within thirty (30) days following written notice from the Agency. In the event of a default, the loan shall be repaid as described in the table above for the Home Repair Loan.

| Within Applicable Year | Percent of Principal & Interest to be Repaid |
|------------------------|--|
| 1                      | 100  |
| 2                      | 80   |
| 3                      | 60   |
| 4                      | 40   |
| 5                      | 20   |
| 6                      | 0  |